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Intelligence Report

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Peru-Ecuador: Elements of the 1998 Peace Accord

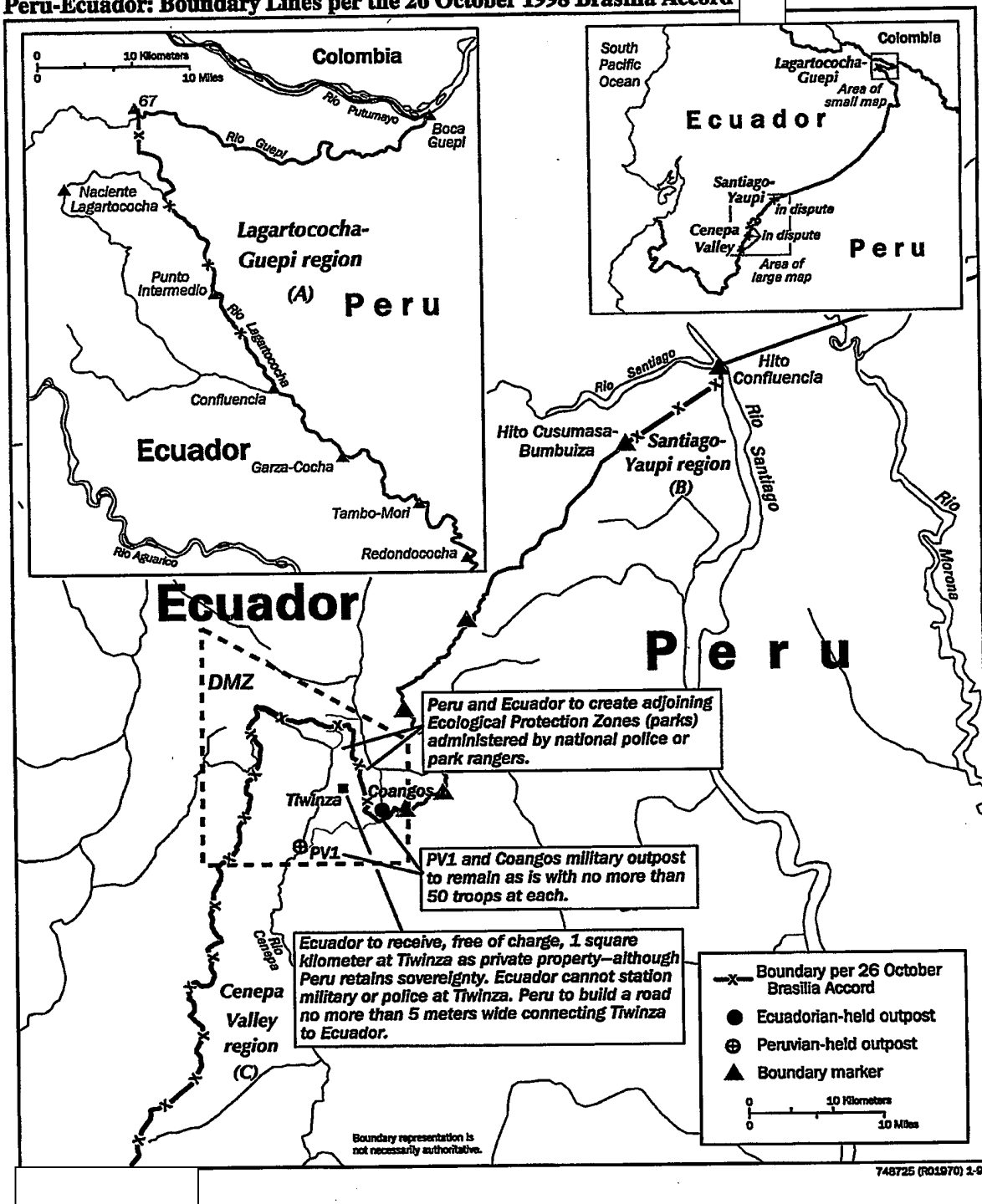
Almost four years after their border dispute last erupted into armed conflict, Lima and Quito signed a global peace accord on 26 October 1998. The comprehensive pact was the culmination of intensive talks under the auspices of the Rio Protocol Guarantor countries—Argentina, Brazil, Chile, and the United States—that yielded treaties and agreements in the areas of border demarcation, Ecuador's demand for access to the Amazon River, border integration, and confidence- and security-building measures. Demarcation of the border is currently under way and must be completed before the global accord goes into effect. The two countries plan to complete demarcation by this April, although this timetable may be overly optimistic given that the two parties must first clear the border areas of mines.

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Figure 1
Peru-Ecuador: Boundary Lines per the 26 October 1998 Brasilia Accord



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Border Demarcation

The demarcation of three segments of the disputed border was resolved largely in accordance with the 1942 Rio Protocol and associated arbitral awards and opinions:

- Ecuador and Peru accepted demarcation recommendations made in July 1998 by guarantor country technical experts in the Lagartococha-Guepi (A, see map) and Santiago-Yaupi (B) regions—which coincided almost entirely with Peru's claims.
- Quito rejected the experts' opinions on demarcation in the Cenepa Valley (C), the scene of the fighting in 1995 and the most contentious and politically symbolic area. Following months of stalemate, the two sides accepted a guarantor proposal for a political compromise in October 1998. This agreement defines the border according to Peru's longstanding claims but awards Ecuador 1 square kilometer of private property around the military outpost of Tiwinza, which Ecuador claims to have held in the 1995 conflict. The former disputants agreed to create adjoining ecological parks along the new border, and Peru agreed to build a road connecting Tiwinza to Ecuadorian territory.

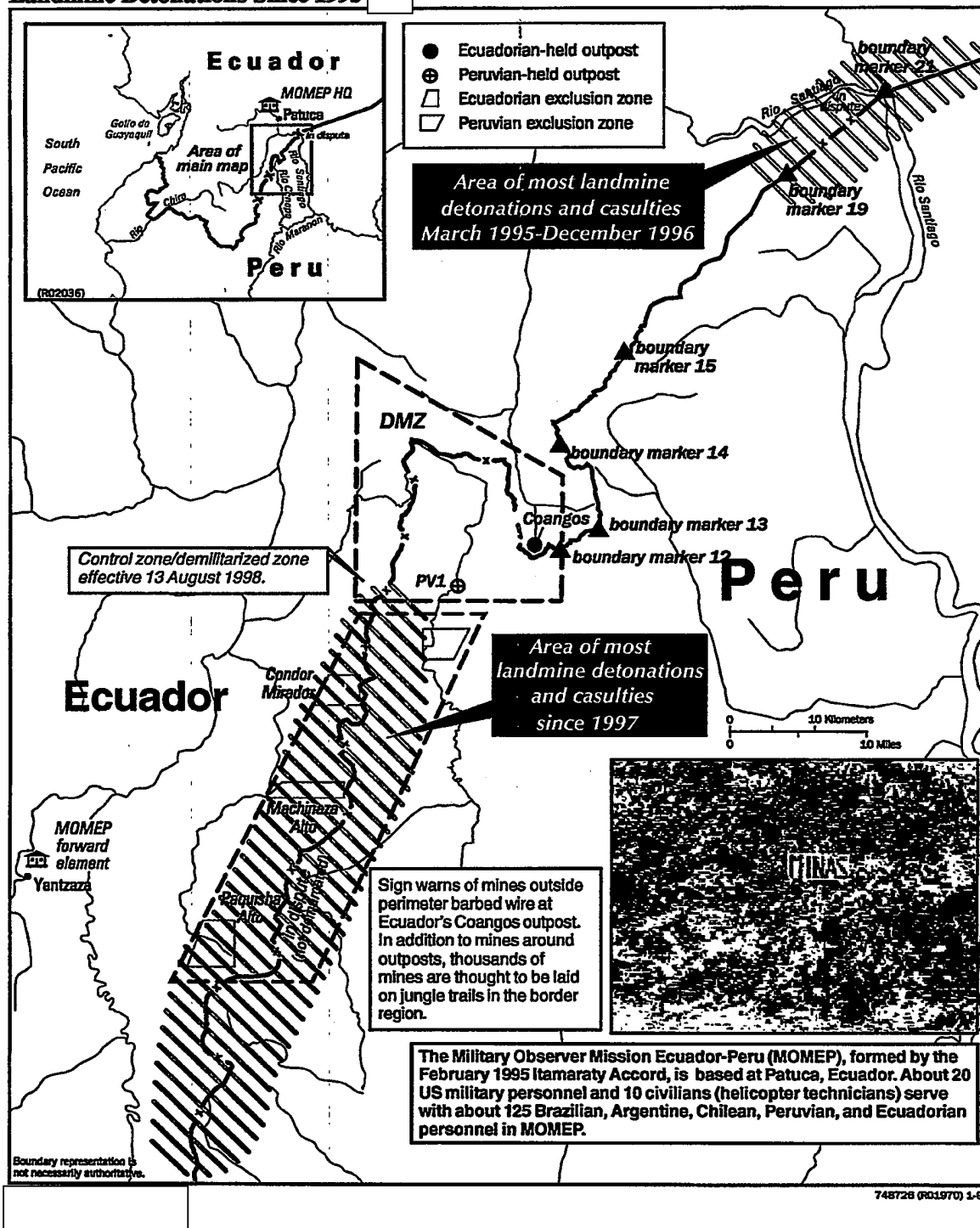
On 18 January 1999, Peruvian President Fujimori and Ecuadorian President Mahuad presided over a ceremony to celebrate completion of the demarcation of the Lagartococha-Guepi region. The Presidents have solicited assistance from the United States and other countries in clearing the Santiago-Yaupi and Cenepa regions of landmines. Mines emplaced during and after the 1995 conflict must be removed at least from the areas immediately around prospective border stones before demarcation can occur.

Treaty of Commerce and Navigation ☐

The Commerce and Navigation Treaty addresses Ecuador's longstanding demand for access to the Amazon River. The treaty requires Ecuador and Peru to grant reciprocal most-favored-nation trade status—obliging each to grant the other any benefits or privileges enjoyed by any other trade partner—and establishes a binational commission to implement its terms and resolve any disputes regarding the following conditions:

- Ecuadorian-flagged ships—except warships—have the right of free, untaxed, and perpetual navigation of the Amazon River and its tributaries. Ecuador also enjoys the right to transit public roads between its territory and these rivers, as well as the use of port facilities.
- Ecuador has the right to develop and operate—for a 50-year renewable term—two “Navigation and Commerce Centers,” or export-processing sites, at locations that the two parties will choose jointly of no less than 150 hectares (370.5 acres) near Amazonian tributaries. Ecuador will designate a private enterprise to run the facilities. The centers will be subject to Peruvian law, but most Ecuadorian trade conducted through the sites will be nontaxable by Peru. ☐

Figure 2
Peru-Ecuador: General Locations of Casualty-Causing
Landmine Detonations Since 1995



Border Integration, Development, and Neighborly Relations



The Agreement on Border Integration, Development, and Neighborly Relations commits Peru and Ecuador to pursue cooperation on a variety of issues, including calls for them to:

- Integrate and improve their electricity, transportation, telecommunications, and other infrastructures in the border region.
- Collaborate on public health and sanitation programs, anticrime and counternarcotics efforts, environmental protection and sustainable development, amelioration of living standards for indigenous communities, and natural disaster prevention and response.
- Open three new border crossings to supplement the current two and simplify regulations for the transit of people and vehicles between the two countries.
- Phase-in reduced tariffs on most products with virtually complete liberalization by 2001, except for those products slated for liberalization within the Andean Community by 2005.



Quito and Lima also agreed to a blueprint for several bilateral commissions to implement these plans, including the Binational Fund for Peace and Development, to solicit grants from foreign governments and international organizations, and to distribute funds for regional development.



Confidence- and Security-Building Measures



The agreement on Confidence- and Security-Building Measures calls for the creation of a binational commission composed of one flag officer from each of the three branches of the armed services of each country and one ambassador-rank representative from each Foreign Ministry. The commission will begin meeting within 30 days after the global accord enters into effect and will hold regular meetings on civilian and military cooperation and development.

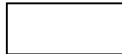


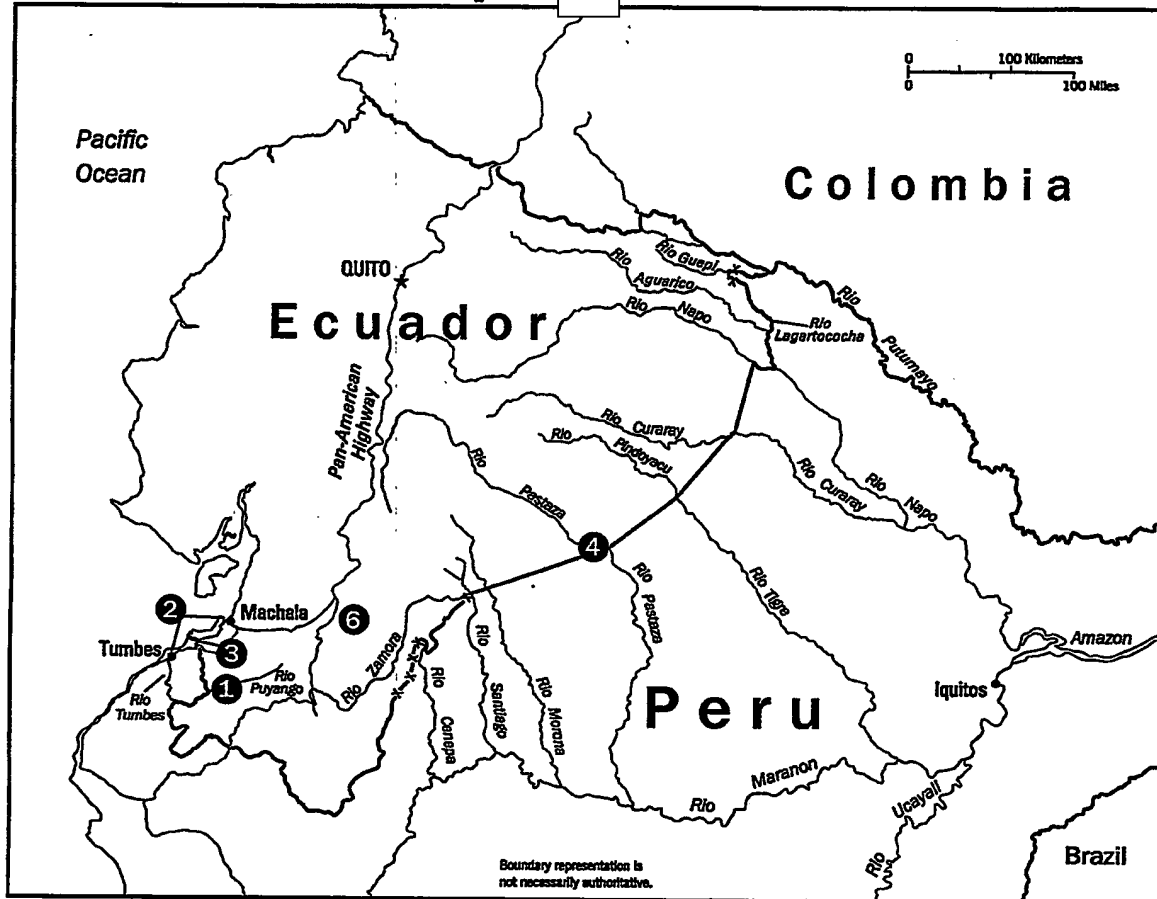
Figure 3
Treaty of Commerce and Navigation



Although the treaty does not specify which Amazon tributaries Ecuador may use, the Napo, Curaray, Tigre, Pastaza, Morona, Santiago, and Marañon rivers are all tributaries to which Ecuador could claim navigation rights. The Commerce and Navigation Centers will probably be located near Iquitos, the only major population center in that region.

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Figure 4
Selected Potential Projects for the
Binational Fund for Peace and Development



- ① Puyango/Tumbes River irrigation and hydroelectric dam project.
- ② Social and infrastructure development of Tumbes and Machala.
- ③ Implementation of the accord on "Administration of the Zarumilla Canal and Use of its Waters," which requires Peru and Ecuador to rehabilitate and/or reconstruct the canal and irrigation and flood-control facilities associated with the canal and the Zarumilla River.
- ④ Pastaza River Basin Reforestation Project.
- ⑤ Connection of Ecuadorian and Peruvian oil pipelines (not shown).
- ⑥ Pan-American Highway and Costanera Highway improvement project.